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In The Cattle Markets

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Beef Contribution in 2018 from Dairy Cattle

Dairy cattle continue to be a significant contributor to the commercial U.S. beef supply. Despite growing beef cattle inventories since 2014, dairy animals have been a stable source of beef and continue to play a key role in filling U.S. beef demand. In 2018 the dairy sector contributed 5.6 billion pounds (21.0 %) of beef to the U.S. commercial beef supply from finished steers, finished heifers and cull cows. Although down from the peak of 24% in 2015, the dairy cattle contribution is still significant.

In 2018 total U.S. commercial beef production was 26.9 billion pounds, the highest production since 2002. Between 2002 and 2018 U.S. commercial beef production has ranged from a low of 23.7 billion in 2014 to a high of 27.0 billion in 2002, with dairy animals contributing 22% in 2014 and 18% in 2002. The contribution from dairy cattle varies based on the size of the native cattle herd and its contribution to the beef supply, as well as the number of cull dairy cows. The percentage of dairy beef contribution has ranged from 18% to 24%, while the actual pounds of dairy beef contribution have ranged from 4.7 to 5.7 billion pounds.

Finished dairy steers are the largest beef contributor from the dairy industry followed by cull cows and finished heifers. In 2018 finished dairy steers contributed 3.37 billion pounds (12.6%) to the total pounds of beef harvested. Since 2002 dairy steers have made up between 10.8% and 14.7% annually. Cull dairy cows contributed 1.8 billion pounds (7.0%) in 2018, and historically have made up from 5.8% and 8.0% of beef production since 2002. Finished dairy heifers contributed 419 million pounds (1.53%) in 2018, historically ranging from 0.6% to 1.7% of total beef production.

Additionally, dairy animals contribute to the amount of prime beef supply. With 85-90% of dairy animals being Holstein, Holstein steers contribute the largest portion of dairy beef. Between 2002 and 2018, Holstein steers have contributed between 32 and 60% of prime beef harvested in the U.S. In 2018 we saw the lowest percentage of prime beef (21.3%) contributed by Holstein steers since our data set began in 2002. Note though that the overall percentage of beef that graded prime increased to its highest level ever in 2018, at 8.3% of total U.S. beef production.

Dairy animals had a significant impact on U.S. beef production in 2018. With inventories of native cattle increasing the percentage of beef from dairy animals has reduced incrementally from the highs of 2015, but still remain a major part of U.S. beef production.

The Markets

Tuesday saw live cattle futures contracts lower, with June futures seeing the greatest decrease on limited trading. The market is concerned with recent trade reports showing year-over-year decreases in trade for both beef and pork. Cash markets are also weak and may have posted their spring highs. Feeder cattle futures are weak, with May contract at the low.

Trade talks with Japan will add uncertainty to the market. Beef demand is strong, as can be seen in the Cold Storage Report, which reports beef stocks down 23.3 million pounds from February and 13.3 million pounds lower than March 2018.

<i>Data Source: USDA-AMS Market News</i>		Week of 4/19/19	Week of 4/12/19	Week of 4/20/18
5-Area Fed Steer	all grades, live weight, \$/cwt	\$128.42	\$126.19	\$121.71
	all grades, dressed weight, \$/cwt	\$207.76	\$204.91	\$191.84
Boxed Beef	Choice Price, 600-900 lb., \$/cwt	\$232.50	\$228.72	\$211.78
	Choice-Select Spread, \$/cwt	\$12.00	\$8.67	\$12.43
700-800 lb. Feeder Steer	Montana 3-market, \$/cwt	\$156.80	\$152.86	\$151.42
	Nebraska 7-market, \$/cwt	\$160.26	\$155.60	\$154.18
	Oklahoma 8-market, \$/cwt	\$152.07	\$149.18	\$143.87
500-600 lb. Feeder Steer	Montana 3-market, \$/cwt	\$186.21	\$189.27	\$179.20
	Nebraska 7-market, \$/cwt	\$192.07	\$187.15	\$190.13
	Oklahoma 8-market, \$/cwt	\$180.34	\$179.77	\$169.63
Feed Grains	Corn, Omaha, NE, \$/bu (Thursday)	\$3.58	\$3.56	\$3.68
	DDGS, Nebraska, \$/ton	\$146.00	\$153.50	\$168.50